

Iowa Ethics and Campaign Disclosure Board
510 E. 12th Street, Suite 1A, Des Moines, Iowa 50319
Fax: 515-281-4073
Formal Complaint

Subjects of complaint: #5173 Kim Reynolds for Iowa, Bruce Rastetter

Address: Kim Reynolds for Iowa, 1010 A Park Lane, Osceola, Iowa 50213

Bruce Rastetter, Summit Agricultural Group, 10640 County Hwy. D20, Alden, Iowa 50006

By: Adam Mason and [REDACTED], Iowa Citizens for Community Improvement

Complainant's address: 2001 Forest Avenue, Des Moines, Iowa 50311; phone: 515-282-0484

Iowa Citizens for Community Improvement is requesting that the Iowa Ethics and Campaign Disclosure Board investigate an April 17, 2018, fundraising event held in Rhode Island to determine if the Kim Reynolds for Iowa campaign committee and campaign contributor Bruce Rastetter have violated Iowa statute pertaining to campaign contributions. Specifically, we ask the following:

1. **Kim Reynolds for Iowa:** Governor Reynolds received contributions totaling just under \$29,000.00 from Rhode Island resident Russell Taub between March and April 2018. Specifically, Reynolds received a \$25,000.00 Schedule A contribution attributed to Taub on March 29, 2018 (check number 514726396, 22 Oaklawn Ave., Unit 310, Cranston, RI 02920); and an additional \$1,000.00 Schedule A contribution attributed to Taub on April 17, 2018 (check number 514787; 22 Oaklawn Ave., Unit 310, Cranston, RI 02920).

Reynolds also received an in-kind contribution (Schedule E) from Taub on April 17, 2018, for the Rhode Island fundraiser in the amount of \$2,946.45. The same address was listed for Taub on the Schedule E disclosure form.

Taub's address appears to match that of a PAC he helped organize called Keeping America in Republican Control, or KAIRC. To date, the PAC is alleged to have raised approximately \$1.5 million. According to Federal Election Commission data, to date, none of these monies have been donated to any federal candidates or committees in the name of the KAIRC PAC. Additionally, we know of no contributions to state or local candidates attributed to KAIRC.

According to an April 19, 2018, Associated Press article (see attachment 1), since 2016, Taub has donated hundreds of thousands of dollars to dozens of Republican candidates, including Reynolds, under his name.

Additionally, according to a complaint filed by the Foundation for Accountability and Civic Trust on July 25, 2018 (see attachment 2), although the KAIRC PAC is a political action committee under 11 CFR Section 100.5(a), it has failed to register as a committee pursuant to 11 CFR Section 101.2(d). The address for this PAC is cited in Exhibit A of the Foundation's complaint (see attachment 2).

Further, to the best of our knowledge, this PAC is not registered in Iowa pursuant to Iowa Code section 68A.201A.

Iowa law prohibits candidates from accepting donations from PACs during the legislative session. The 2018 legislative session ended on May 5, 2018.

The April 19, 2018, Associated Press article (see attachment 2) documented a last-minute change to Reynolds' schedule on April 17, 2018. A news release issued by the Governor's office on that day stated: "The governor will stay in Des Moines to work with House and Senate leaders on tax reform and other legislative issues."

It remains unclear why Reynolds' office stated she would be staying in Des Moines on April 17, 2018, when she and her staff had made plans well in advance of that date to travel to Rhode Island for a fundraiser.

Bruce Rastetter is listed as the in-kind donor for the April 17, 2018, round-trip flight between Des Moines and Rhode Island (Schedule E, \$6,122.78). We believe the aircraft may have been owned by a corporation or LLC in which Rastetter has an ownership interest. Further, we believe the valuation placed on this flight may well be significantly lower than the fair market value for such a flight. The number of staff persons, consultants, and agents traveling with Reynolds on that flight is unknown.

Rastetter has many varied business interests, including his involvement as a Director with a corporation by the name of Cultivation Corridor (see attachment 3). Founded in 2013, this corporation appears to be a public-private partnership. Rastetter also serves as CEO of Summit Agricultural Group.

In summary, we ask the Ethics Board to determine if the Reynolds campaign violated existing statute by engaging in fundraising activities sponsored by a PAC that is registered neither at the state nor the federal level; if the Reynolds campaign violated existing statute by accepting campaign donations from a PAC during the 2018 legislative session; and if the Reynolds campaign helped to orchestrate an in-kind donation for travel to Rhode Island to participate in a PAC-sponsored fundraiser during the 2018 legislative session, in violation of existing statute.

2. **Bruce Rastetter:** Similarly, we ask the Ethics Board to request that Rastetter provide proof of repayment if the aircraft in question was owned by a prohibited donor, as well as proof of the valuation methodology employed by Rastetter to arrive at the in-kind contribution amount of \$6,122.78. We also ask that the Board determine if Rastetter provided an in-kind flight as an unallowable campaign contribution if it is found that Reynolds took part in a fundraiser that was sponsored by a PAC which is not registered at the state or the federal level.

Additionally, pursuant to a separate complaint, our understanding of Internal Revenue Service rules is that the carriage of candidates by a noncommercial aircraft operator is considered commercial transportation for the purposes of applicable federal excise taxes. If

the plane provided the Reynolds campaign as an in-kind contribution on April 17, 2018, was a noncommercial aircraft, then it is our understanding that Rastetter, if he owned the plane in question, or the entity from whom Rastetter borrowed the plane would have been required to file Form 720 with the IRS, which documents payment of appropriate federal excise taxes for noncommercial carriers that transport candidates for elected office. It is our understanding that this amounts to a percentage tax on the monies received by the noncommercial carrier for transporting candidates (in this case, \$6,122.78), plus an additional per-passenger assessment. If Rastetter or the entity from whom Rastetter borrowed the plane paid this required excise tax as a noncommercial carrier, we ask that the Board determine if this IRS payment represents an indirect, and potentially unreported and unallowable, contribution to the Reynolds for Iowa campaign committee.

Names and addresses of persons other than yourself who are or may be witnesses to the above-described activities:

Governor Kim Reynolds, State Capitol, 1007 E. Grand Ave., Des Moines, Iowa 50311.

Pat Garrett, Communications Director, Kim Reynolds for Iowa, 1010 A Park Lane, Osceola, Iowa 50213.

Bruce Rastetter, Summit Agricultural Group, 10640 County Hwy. D20, Alden, Iowa 50006.

Foundation for Accountability and Civic Trust, 1717 K Street NW, Suite 900, Washington, D.C., 20006.

Ms. Lisa J. Stevenson, Acting General Counsel, Office of the General Counsel, Federal Election Commission, 1050 First Street, NE, Washington, D.C., 20463.

Russell Taub, 22 Oaklawn Ave., Unit 310, Cranston, RI 02920.

Documents or other sources of information that relate to or are proof of the violation(s). Attach copies of documents to this form if available:

See attachments 1, 2 and 3.

CERTIFICATION BY COMPLAINANTS
Required by Iowa Code section 68B.32B(1)

I certify under penalty of perjury pursuant to the laws of the state of Iowa that the preceding statements are true and correct to the best of my knowledge.

Date

Signature of Complainant

Date

Signature of Complainant